THE PANAMA CANAL ACT AMENDMENTS AND THE PANAMA CANAL COMPENSATION FUND ACT

HEARING

BEFORE THE

SUBCOMMITTEE ON
THE PANAMA CANAL/OUTER CONTINENTAL SHELF

OF THE

COMMITTEE ON
MERCHANT MARINE AND FISHERIES
HOUSE OF REPRESENTATIVES

ONE HUNDRED FIRST CONGRESS

FIRST SESSION

ON

H.R. 1347

To amend the Panama Canal Act of 1979 with respect to compensation for certain members of the Panama Canal Commission, to extend retirement eligibility, and for other purposes

H.R. 1348

To make certain technical changes to the Panama Canal Compensation Fund Act of 1988

JULY 18, 1989

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THE PANAMA CANAL ACT AMENDMENTS AND THE PANAMA CANAL COMPENSATION FUND ACT

TUESDAY, JULY 18, 1989

HOUSE OF REPRESENTATIVES, SUBCOMMITTEE ON THE PANAMA CANAL/OUTER CONTINENTAL SHELF, COMMITTEE ON MERCHANT MARINE AND FISHERIES,
Washington, D.C.

The Subcommittee met, pursuant to notice, at 2:05 p.m., in Room 1334, Longworth House Office Building, the Honorable Roy Dyson (Chairman of the Subcommittee) presiding.

Members present: Representatives Dyson, Fields, and Bentley.

Staff Present: Cher Brooks, Charles Ulrich, Dolores Wesson, George Pence, Dave Whaley, and Harry Burroughs.

Mr. DYSON. I am going to open this hearing, and then recess it, immediately. We do have a vote, and I think it is final passage on the Agriculture Appropriations Bill. So my colleague, and the Ranking Minority Member here, suggested we do everything by unanimous consent and have this done in five minutes. I do not know if that would be proper, so Mr. Secretary—and Mr. Secretary—if you will bear with us, I expect to be back here in about five minutes.

I will let my colleague from Maryland know that we have opened the hearing, and we are going to recess for about five minutes and come right back. We have a vote on the Floor, as you can see.

Mrs. BENTLEY. Mr. Chairman, I have a statement that I would like to put in the record.

Mr. DYSON. We are not even at that point yet. We will be in recess for about five minutes.

[Recess.]

Mr. DYSON. Since we have already opened the hearing, I am going to read my prepared statement, and obviously, when Mr. Fields gets back, since the subject of the hearing today is his bills, we will recognize him for a description of his legislation.

I think we have some unanimous consent requests that can be made to submit certain testimony into the record.

OPENING STATEMENT OF HON. ROY DYSON, A U.S. REPRESENTATIVE FROM MARYLAND, AND CHAIRMAN, SUBCOMMITTEE ON THE PANAMA CANAL/OUTER CONTINENTAL SHELF

Mr. DYSON. We have with us today, the Honorable Robert W. Page, and Mr. Michael Rhode. Both of you gentleman are well known to this Subcommittee. For the record, however, and for the

benefit of our audience, I will state that Bob Page has served as Assistant Secretary of the Army for Civil Works for the past 2 and a half years.

Following the resignation of William Gianelli as Chairman of the Canal Commission's board of directors last May, Bob was appointed by President Bush to fill this important position.

Bill Gianelli was exceptionally dedicated to the Canal, both as a complex transportation facility of vital importance to the United States and the international community. His will be "big shoes" to fill.

But I have known Bob Page in his role as head of the Army Corps of Engineers. I know him to be a top-notch manager. I know the Canal is in excellent hands, and I look forward to continuing our work together now that you have agreed to take on the duties of the Commission's Chairman.

Did you write all this?

Mr. PAGE. I did.

Mr. DYSON. Yes. Okay.

[Laughter.]

Mr. DYSON. Am I reading it correctly?

Mr. PAGE. Thanks to my mother.

Mr. DYSON. Mr. Rhode is Secretary of the Canal Commission's board of directors, a post he has occupied since 1980. At this time there are only three senior officials with the Canal who were, quote, "present at the creation", so to speak, of the Panama Canal Commission.

These are Dennis McAuliffe, the Canal's administrator, Fernando Manfredo, the deputy administrator, and Mike Rhode. We do not have word yet on how President Bush expects to handle the scheduled transition of the administrator and deputy administrator positions, but it is likely that both officials currently serving in those roles will leave the Commission when their terms of office expire.

As most everyone who follows developments that affect the Canal knows, many of us in the Congress believe that President Bush should declare, once and for all, that he will not accept a Noriega "puppet" as administrator to the Canal.

Non-binding resolutions have been adopted in both the Senate and the House that urge the President to withhold any appointment to the administrator's position until he can certify that there is a democratic Government in power in Panama.

I am advised that there may be an effort in the Senate to amend the Foreign Assistance Bill. This time, the amendment would contain binding language strictly prohibiting the Administration from accepting any Panamanian nominee to the administrator's post.

I am one of those who believes the President should announce today what must be self-evident to all: That the U.S. cannot accept as the Canal's administrator some henchman of the Noriega regime.

The Administration, however, opposed making any such declaration, and has strongly opposed every attempt by the Congress to include such a declaration in legislation.

I do not expect our witnesses to discuss this today, but you both appreciate how concerned the Members of this Subcommittee are about this issue.

One effect of this crisis that may otherwise go unnoticed comes to mind. When and if General McAuliffe and Fernando Manfredo leave the Commission, Mike will be, in terms of tenure, the most experienced official with the Canal Commission.

His experience has given him considerable expertise in Canal affairs. His work has been a great help to this Subcommittee over the past decade, and especially during the past few months of my tenure as Chairman.

The bills that are before us today are largely noncontroversial matters. Much of their content was requested by the Commission, and discussed last year.

They have been drafted and introduced by Congressman Jack Fields, the Ranking Minority Member of this Subcommittee, and I will leave to him the job of summarizing them.

I believe this is an excellent time to take care of the issues that they address. Obviously, the political circumstances in Panama are extremely fluid, so I also believe it is a good idea to take this opportunity to get an update from our witnesses on the situation in Panama. The Noriega regime's effort to disrupt the Canal and harass the Canal work force continues.

I hope you gentlemen will give the Members your best assessment of the effects this campaign is having on employee morale, the demand for Canal services, and its general operations.

These will be the topics that we will explore today. Now, at this point, I will turn to those Members of the Subcommittee who have opening statements they wish to make, and then turn to our Ranking Minority Member, Mr. Fields, for his statement.

If Mr. Fields will wait just a minute.

I would ask unanimous consent of the Subcommittee that Mrs. Bentley's remarks be submitted for the record.

[The statement of Mrs. Bentley follows:]

STATEMENT OF HON. HELEN DELICH BENTLEY, A U.S. REPRESENTATIVE FROM MARYLAND

Thank you, Mister Chairman. And, thank you Mister Fields.

I want to commend you, Mr. Fields, for your leadership in introducing H.R. 1347 and H.R. 1348, which are under consideration before us today.

The continued efficient operations of the Panama Canal is of paramount importance to all of us on this Subcommittee, and the most essential contributing factor to that end is the morale of the Panama Canal Commission work force.

Despite the extreme pressure placed by Panamanian dictator Manuel Noriega on the men and women who administer and operate the canal, the canal has continued to operate under the most trying of circumstances.

Your bills, Mr. Fields, seek to correct, strengthen and improve the levels of compensation, the retirement program, as well as the Commission Compensation Fund.

While I am in support of those efforts, I want to demonstrate my support of the working men and women of the Commission and their families by opposing any increase in the level of compensation for members of the Board of Directors, while on official business.

My opposition stems from the fact that the Commission's American employees were denied for many months to voluntarily relocate their families to escape the turmoil by overly strict rules imposed by the Commission. And, when the rules were finally relaxed, the Commission allowed a per diem allowance of only $16.50, a totally insufficient amount that, in essence, dissuaded many workers from sending their families back to the safety of the United States.

All of this occurred during a period of time when the State and Defense Departments moved their dependents out of the general Panamanian population, by sending them back home to the U.S. or relocating them to the safety of the military installations there.

Mr. Chairman, I look forward to hearing the testimony of today's witnesses, and while this hearing is dedicated to merits of H.R. 1347 and H.R. 1348, I hope that Mr. Page will spend a few minutes to review with us the situation within Panama as it exists today, and to discuss the expected shortfall in the canal revenues.

Thank you, Mr. Chairman.

Mr. DYSON. I understand there is a statement for the record by the MM&P, and I would ask unanimous consent of the Subcommittee that we have that also entered.

[The statement of the Masters, Mates and Pilots can be found at end of hearing.]

Mr. DYSON. Jack, you are on.

STATEMENT OF HON. JACK FIELDS, A U.S. REPRESENTATIVE FROM TEXAS

Mr. FIELDS. Well, thank you, Mr. Chairman. I would like to thank you for scheduling this hearing, and I will try and summarize the legislation, which will help the overall operation of the Panama Canal.

While H.R. 1347 and H.R. 1348 do not radically alter Public Law 96-70, the Panama Canal Act of 1979, this legislation will reform that Act in several important ways.

First, H.R. 1347 will allow the Chairman of the Board to increase the level of compensation for the nine members of the board while on official Panama Canal business.

Second, H.R. 1347 will allow the deputy administrator, who will be an American, after January 1st, 1990, to receive what is referred to as a "tropical retention" or differential allowance.

Mr. Chairman, since the current deputy administrator is a Panamanian, this is an issue that has not previously been addressed, and was simply overlooked in the drafting of Public Law 96-70.

Without this tropical differential, you will have a situation whereby the deputy administrator will receive considerably less financial compensation than a number of his, or her, subordinates.

And Mr. Chairman, while the deputy administrator will still receive less compensation than the administrator, obviously, for morale and other reasons, this individual must be elevated above those who serve as division chiefs, or in other high-level Panama Canal Commission administrative positions.

Third, H.R. 1348 will correct a serious oversight in the drafting of the Panama Canal Compensation Act of 1988. Unfortunately, despite our best efforts, there remains confusion as to how long the fund will be available to compensate those injured while working for the Panama Canal Commission.

Mr. Chairman, H.R. 1348 will end that confusion and will ensure that these funds are held in an interest-bearing account until they are disbursed some time after the year 2000.

And finally, H.R. 1347 will allow certain individuals hired after September 30, 1979 to participate in the Commission's early retirement program. This change will affect about 35 employees, most of whom are pilots, and will simply treat them in exactly the same manner as those hired prior to the treaty date.

It is my firm belief that this is a most important change, and that it will serve as a powerful incentive to encourage these individuals to remain with the Commission until the year 2000.

While it will not cost the Commission a great deal of money to implement the change, it will be a tremendous morale booster for these individuals who are now working in a virtual war zone in Panama.

Finally, I am pleased that we are having a hearing today on H.R. 2868, a bill we introduced to help the Panama Canal Commission financially survive during this turbulent period of political instability in the Republic of Panama.

Mr. Chairman, H.R. 2868 will allow the Commission to utilize, for a broad range of purposes, certain interest funds which have accumulated in an escrow account in the United States Treasury. This money, which now totals about $121.8 million, is being held at the request of the legitimate government of President Eric Delvalle. In addition to these funds, some $6.9 million has accumulated in the form of interest.

Mr. Chairman, while I fully expect that some, if not all, of the principal that has been deposited into this escrow account will eventually be given Panama, we have no obligation to forward any of the interest money that has accumulated from this account. In fact, there is essentially no difference between this fund and those established by the Commission to pay for a number of operating expenses. I am not aware of any instance where interest was paid to any government in Panama.

Mr. Chairman, for the past 17 months, the Panama Canal Commission has had to fight an escalating battle with Noriega and his PDF thugs.

While remarkably the Canal has not suffered any significant delays, the PCC work force has been subjected to unrelenting physical and mental harassment. This has included such things as the confiscation of personal vehicles, the seizure of bank accounts, and the inability to obtain 1989 license plates for their cars.

As a result, the Commission has been forced to spend thousands of dollars each week to transport their workers from their doorsteps to the Canal. In addition, certain basic services, such as trash removal, street maintenance, and fire and police protection are minimal compared to pre-crisis days. In short, the Commission has been forced to spend millions of dollars for a whole range of unbudgeted and unanticipated activities.

Mr. Chairman, since Noriega caused this problem, he should help pay for it. In my judgment, there isn't a better way to accomplish that purpose than to allow the Commission to utilize these interest funds.

Mr. Chairman, I look forward to hearing from our distinguished witnesses, and I hope we will mark up these three important bills in the very near future.

Thank you, Mr. Chairman.

Mr. DYSON. Mr. Secretary, we seem to have gotten that business out of the way, so if you have a statement—you have been before many committees of the Congress before—if you have a prepared statement, we will ask unanimous consent at this point to let that be a part of the record.

Also, you, Mr. Rhode. We will let your statement be entered as well. You are on, sir.

STATEMENT OF THE HONORABLE ROBERT W. PAGE, CHAIRMAN, PANAMA CANAL BOARD OF DIRECTORS, ACCOMPANIED BY MICHAEL RHODE, SECRETARY, THE PANAMA CANAL COMMISSION

Mr. PAGE. Thank you very much, Mr. Chairman. It is a pleasure to be here for the first time, and we are pleased to impart to you and to the Committee, any information which may be of benefit regarding our trip to Panama in June, as well as my first Board of Directors' meeting which was held in Miami, also in June. For your information, another Board meeting is scheduled to be held in Tacoma, Washington, later this month.

Before summarizing my opening statement, I would like to say that I share your feeling of mutual cooperation. We have worked together, Mr. Chairman, outside of this Committee, on what I would consider some very gainful projects, and I am sure that this will certainly be another one.

It is a pleasure for me to appear here today to testify in support of H.R. 1348, a bill which would make certain technical changes to the Panama Canal Compensation Fund Act of 1988.

By way of background, the agency operating the Panama Canal for many years administered the Federal Employees' Compensation Act, as that statute applied to members of its own work force.

Because the Panama Canal Commission will cease to exist at the end of 1999, however, it was deemed advisable to return administration of that statute from the Commission to the Secretary of Labor, who, as you know, handles that function for all other agencies in the Executive Branch.

That return was accomplished pursuant to enactment last November of the Panama Canal Compensation Fund Act of 1988, and by a Presidential Executive Order which became effective on January 1 of this year.

The 1988 statute established the Panama Canal Compensation Fund, and it provides that any amount remaining therein following a final accounting or determination at the end of the century is to be paid into the employees' compensation fund.

Mr. Chairman, I would like to submit, if I may, the remainder of my statement for the record, because I am reiterating what Congressman Fields said a moment ago.

Mr. DYSON. Mr. Secretary, that would be covered under that general unanimous consent request, so if you would like to do that, go ahead.

Mr. PAGE. Yes, I would like to do that. Before closing, Mr. Chairman, may I add that regarding H.R. 1347, we have been orally informed that the Office of Personnel Management has some problems with the retirement provisions of the bill. We will attempt to deal with that reservation. The Commission sees it as a refinement of several of the provisions of the Panama Canal Act and Changes made to that Act since it was passed in 1979. We believe it is important and we support it.

[The statement of Mr. Page can be found at the end of the hearing.]

Mr. DYSON. Now I am going to stop you right on that point. Did I hear you, correctly? You said that you do have problems with OMB, with this bill? Because I believe that you signed a letter——

Mr. PAGE. No. Office of Personnel Management.

Mr. DYSON. Oh, okay.

Mr. PAGE. Yes.

Mr. DYSON. Because I have a letter that you sent to Chairman Jones, saying OMB had no problems with the legislation. Correct?

In fact what I would like to do is place your July 13th letter in the record. Okay?

Mr. PAGE. Yes.

[The July 13, 1989 letter from Mr. Page can be found at end of hearing.]

Mr. PAGE. With those comments, Mr. Chairman, we are prepared to respond to any questions you may have.

Mr. DYSON. I do not know, Mike, if you had an opening statement or anything.

Mr. RHODE. No, sir. I do not.

Mr. DYSON. Okay. What about one for the record?

Mr. RHODE. I do not have a statement.

Mr. DYSON. Okay. Right. Well, we have some questions.

Mr. RHODE. I believe you referred to a letter from Mr. Page. Does not that refer to H.R. 1348 rather than H.R. 1347, Mr. Chairman? Because the Administration has not yet cleared H.R. 1347.

Mr. DYSON. We will——

Mr. RHODE. Yes, sir.

Mr. DYSON. Okay. Yes. Yes, you are correct. It does. H.R. 1348.

Mr. Secretary, I know you just returned from Panama. In fact some of the members of the staff of the Subcommittee accompanied you on that trip, and in fact I think one of our Committee Members did a rather in-depth letter to me when that was over.

I am interested in your assessment of the morale situation there, in Panama, with the, obviously, Commission employees.

Mr. PAGE. I believe I can respond accurately to it. I was unable to see the morale factor before, so I cannot make a comparison; but the morale factor that I saw when I was there, considering it on a scale of one to 10, was probably a nine. Morale is low. And there are a lot of reasons for it.

Mr. DYSON. Wait a minute. Ten being the worst end of it?

Mr. PAGE. Yes, ten being the worst. There is a great deal of anxiety. First of all, people are concerned about security, and what the future may hold for them in the way of protection. Their second concern is housing. Their third concern is that the Department of Defense may close some of the schools because of reduction-in-force, and the return of military families to the United States.

But the two major complaints, I think, are the withholding of funds from the salaries of our Panamanian employees for Panamanian income and education taxes, and the unresolved issue of extending commissary and PX privileges to a group of our U.S. citizen employees. The income tax issue is a very strong and powerful injury to our Panamanian employees. I do not see any way around

it unless we can get some kind of policy change through the State Department.

As you very well know, the education and income taxes have been placed into a Federal Reserve Bank escrow account. Undoubtedly, the Panamanians are being placed in a similar situation to someone here who avoids the payment of their taxes to the IRS. They are looked upon as criminals and non-citizens in their own country. Among many of the inconveniences, they have not been able to obtain license plates for their cars.

We have addressed these concerns in letters to the Secretary of Defense, and in discussions with the State Department. I honestly hope that the issue can be resolved. It is very important.

Regarding the commissary and PX issue, which affects a group of our U.S. citizen employees who, by treaty, lost their privilege to shop in U.S. stores, there has been some improvement since our trip to Panama because the military has " added additional foodstuffs and supplies to the "mini marts" which our American employees have been allowed to use since last year.

Mr. DYSON. These are the "shoppettes" you are talking about.

Mr. PAGE. Yes, the shoppettes. However, I personally would like to see the commissary and PX privileges extended to this group of employees. I understand,though, that the Department of Defense has reservations about this matter. So, to reiterate, these two issues, I would say, are probably the most agonizing that these employees are dealing with. Most of them have come to grips with the fact that 1999 is coming, and that it is the end of an era.

This feeling of the employees is not so much a complaint. I think what bothers them is how they are being treated at this point. The Americans feel that they are not getting the same treatment that other American citizens receive in Panama. There is no way to respond to this attitude. The U.S. ambassador to Panama is no longer in Panama. So, what our employees do is turn their frustration to us, or any of us from this level of the Federal Government who go to Panama, and they turned to me while I was there. We spent two days listening to all the different problems and complaints they had, and, in retrospect, I would say that the income tax and the commissary privileges are probably the most paramount.

Would you say that, Mike?

Mr. RHODE. Yes.

Mr. PAGE. But it is a morale problem, Mr. Chairman.

Mr. DYSON. I am sure you know that this Committee took the Jones Bill, of which Mr. Fields and I, and others are co-sponsors, and discharged it, and then subsequent to that, I believe one day last week, the Readiness Subcommittee, and then the Full Armed Services Committee discharged it from their Committee's jurisdiction.

I would expect that that would be up, I hope, very shortly. It may be a false promise to those people, though. You are absolutely right. Both Departments, State and Defense, seem to remain adamantly opposed to granting that, and I would remind you—as you already know in the audience—that this is strictly for U.S. Americans.

Mr. PAGE. Yes.

Mr. DYSON. And I wish we could do something for all the Canal employees, and the Panamanians also. But it is strictly for U.S. Americans, and they seem to be rigidly—our side—rigidly adhering to that treaty when Noriega, on the other side, does not hesitate to toss it whenever it does not work to his benefit.

Why the United States—and I have to say, that I am very disappointed in both the Departments of Defense and State—why they seem to want this country to stick with a treaty right down to dotting the last "i" and crossing the last "t", when Noriega will not do it himself.

That is beyond me. But I am glad to hear that you still support that change which I think is very important.

Mr. PAGE. We do, Mr. Chairman.

Mr. DYSON. I have just been informed by the staff director here, that we are going to try to bring up the commissary bill on July the 31st, on the suspension calendar. So that may be something that Mike may want to let the people there know. I am going to have a few more questions, but while I am looking at these, Mr. Fields, I think you have some questions there.

Mr. FIELDS. Thank you, Mr. Chairman. Mr. Page, if I understand correctly, we are at such a high level of alert in Panama, that someone in the military cannot go downtown to Panama City. Is that correct?

Mr. PAGE. Yes. That is correct.

Mr. FIELDS. Which to me is going to what the Chairman was aiming at just a moment ago—the heighth of irony, perhaps hypocrisy, that we tell Canal employees that they have to shop downtown, but we will not allow our military to go downtown.

To me, it is a compelling argument for the commissary bill.

But let me go back to the legislation before us. Specifically, what are the problems that OPM has expressed with the legislation.

Mr. PAGE. Mike has talked with them. Mike, I will let you answer it.

Mr. RHODE. Thank you, Mr. Chairman. It is not entirely clear, Mr. Fields, what the problems are, and we were notified last evening by the Office of Management and Budget, that the Office of Personnel Management had a problem with those 35 or so employees who the retirement provisions in the proposed legislation address.

Unfortunately, I think probably it just may be a misunderstanding, or a supposition that when these people were hired by the Panama Canal Commission, they knew the circumstances that they were getting into.

I am hopeful that later this week we can meet with the appropriate personnel at the Office of Personnel Management to clear it up.

Mr. FIELDS. Of course in late 1979, I think it would have been difficult for anyone to envision the problems with General Noriega, and the current conditions in Panama. I do not think that is a good argument.

Mr. RHODE. Exactly. And we think that this is a good retention incentive for those valued employees, mainly pilots, who we need to keep the Canal operating until the year 2000.

Mr. FIELDS. Can you give us a rough estimate as to how many people we are talking about, including pilots.

Mr. RHODE. Thirty-five.

Mr. FIELDS. Thirty-five?

Mr. RHODE. Yes, sir.

Mr. FIELDS. And I think what you just said, that this would be a powerful incentive to keep those key employees to make this particular change, would you agree with that?

Mr. PAGE. Yes. I agree. Very much so.

Mr. FIELDS. And also, as I understand, if we do make the change, I think it is correct to say that the Commission would not be giving these post-treaty employees any additional benefits, but would be simply placing them on the same level as those people hired prior to September 30th, 1979. In simple terms, it is just fair and equitable to do what we are doing. That is all we are doing, is creating a fair situation.

Mr. RHODE. That is correct, Mr. Fields, and they cannot take advantage of that situation by a voluntary action because they must be removed, involuntarily, as a result of an action by the treaty.

Mr. FIELDS. Let me ask a question that is unrelated to these bills, but getting back to the commissary bill, as I am sure Mr. Rhode is familiar, two years ago we were able to address the issue through the House of Representatives but we had a problem with the United States Senate.

Could you give us just a brief understanding of what is happening in the Senate on the commissary bill, if anything.

Mr. PAGE. I do not know of anything. Do you have anything, Mike?

Mr. RHODE. I have discussed it with the staff in the Senate Armed Services Committee, Mr. Fields, but they will not do anything on the commissary bill until it is passed by the House. That is my understanding of the situation.

Mr. FIELDS. Well, you may be giving me a very good diplomatic response, because as you are aware, there were other Federal agencies who worked on the Senate side, who, in essence, stopped the bill, and I guess the real question is, are those same agencies working to stop the bill this time? If you were just guessing, among friends.

Mr. RHODE. I do not know that they are working, but there is some resistance, as I have detected.

Mr. FIELDS. Thank you, Mr. Chairman.

Mr. DYSON. Let's get back to that for just a minute. Your position is that you favor—I am talking again about the commissary bill—your position is you favor the commissary bill?

Mr. PAGE. Yes.

Mr. DYSON. Now that is in opposition, obviously, to the department in which you serve, in the Executive Branch. What are you going to do when it gets over there? Now, I do not believe this stuff about waiting till it gets there. You know, we do not wait until a bill is in front of us for the groundwork to be laid. Obviously, the groundwork was laid last time, and it did not work out so favorably.

How can Members of the other body, who stridently denounce Noriega, and everything else that is going on down there, and pass these resolutions, which I would assume have some meaning, then

turn around and not do something that would benefit U.S. American citizens?

Now, Mike, I know that Secretary Page is probably not that familiar with it, but you certainly worked the issue last time, did you not?

Mr. PAGE. Well, first of all, Mr. Chairman, you ask how can I oppose my own system, let's say, if they are against it. I am not too sure that the Department of Defense is adamantly against it at this point. We have had some changes. I have seen some attitudinal changes just in the last week in the Department of Defense, for example, and I see how much more seriously they are taking the Panama Canal situation than they were when I first came on to this job.

And, in fact, next week, I hope to meet with Senator Warner, and we are also planning to set up a meeting with Senator Nunn, both of whom, you know, are the Majority and Minority on the Armed Services Committee, and I hope that this has enough impact, and that we are able to get our point across.

Mr. DYSON. You know, the situation is—and my colleague from Texas knows even better, because he has served as Ranking Minority of this Subcommittee longer than I have been Chairman—but it is rather frustrating. I mean, I do not doubt, for a moment, that it is going to pass the House of Representatives, I believe, on July the 31st. It would not be placed on the suspension calendar if it was not assured of passage.

But to have it go over there, and just end in the legislative graveyard there, is frustrating. It must be even more so for the morale of Canal employees. Now you say on a scale of one to 10, morale is about nine. Well, this must be going to take it up to about nine and three-quarters. I mean, it is not going to help the situation any.

I am just glad, at least for this record—you know how this Subcommittee feels about that, and I am pleased to hear that you feel the same way.

Mr. PAGE. We feel strongly about it.

Mr. DYSON. Pardon me?

Mr. PAGE. We do feel strongly about it, particularly after visiting Panama; and I hope that we can elevate the interest on this matter with the Senate Armed Services Committee, by meeting with their two senior members.

Mr. DYSON. I hope so, too.

Mr. PAGE. That will be the purpose of the meeting.

Mr. DYSON. I have two other questions, and they are not related to the legislation, but I would like to get you all on record for this.

As you know, the Subcommittee has introduced legislation to authorize the Canal Commission to recapture the interest that has accrued to the Commission's treaty payments to Panama.

As you know, they are now being deposited in escrow at the New York Federal Reserve Bank, and the interest amounts to just over $6.9 million.

Now would these funds enable the Commission to neutralize the financial effects of Noriega's harassment? I think you know what I am talking about there—the harassment that he has caused from the what?, $13,000 a day bus fare that we are now paying, and the

numerous other incidents that have been well documented by you, the Commission, and to this Subcommittee.

Will that help?

Mr. PAGE. Certainly, it would help, and I hope that we can apply the interest against these additional costs, which are $570,000 a month. We are now in a deficit position as it is, and we are going to be working to reduce that deficit. But these costs, to me, are unusual. They are costs that have been brought on by the Noriega regime, and if this method is reasonable and plausible, I would certainly accept and applaud it. I do not know who you have to go to to get approval to do that.

Mr. DYSON. We are going to try. I know that Committee counsel told me, the other day, that we cannot blame it all on Noriega. I guess we can blame the loss of revenue, I guess somewhat, on the car situation with the Japanese, but a good portion of that is due—if not a majority of it—due to the harassment by General Noriega.

I personally think—and I think the majority of this Subcommittee believes—that this is one of the best ways to go about it.

Mr. PAGE. I agree with you.

Mr. DYSON. Mr. Chairman, I have one other question for you. I understand that the Administrator, under current law, has the power to nominate candidates to U.S. military, naval, air force, and merchant marine academies. Now should this power be transferred to another U.S. official before a Panamanian nationalist is confirmed as administrator? Or if and when. I think that goes without saying.

Mr. PAGE. Well, yes, the authority should be transferred, particularly in view of the fact that the treaty requires that the Administrator's job goes to a Panamanian on the first day of 1990. That may be academic, but, in the meantime, we do believe that the appointment process should be given to another U.S. official serving the Panama Canal Commission.

Mr. DYSON. I think you asked a question for me. Who should that individual be?

Mr. PAGE. We thought that it should be the Chairman of the Board, Panama Canal Commission.

Mr. DYSON. I do not find that too bad a situation. In fact my colleague, Mr. Fields here, said that—and I think it is a good idea—we would consider legislation to do that. I find that we have even got it drafted.

Mr. Chairman, I think you talked about the tax issue, and you talked about the commissary. I think we have covered most of them. Does my colleague from Texas has any other questions? No.

Let me again thank you very much for being here today, and offering the testimony that you did. And something unrelated. I do want to say in your other role, your other "hat" that you wear, you are a fine administrator, and I have enjoyed working with you, and look forward to many months, and, I hope, years ahead, and we can continue to do the same.

Mr. PAGE. Thank you.

Mr. DYSON. Thank you, again.

Mr. PAGE. Thank you very much.

Mr. DYSON. We stand adjourned.

[Whereupon, at 2:52 p.m., the Subcommittee was adjourned, subject to the call of the Chair.]

[The following was submitted for the record:]

22-150 0 - 89 - 2

101ST CONGRESS
1ST SESSION

H. R. 1347

To amend the Panama Canal Act of 1979 with respect to compensation for certain members of the Panama Canal Commission, to extend retirement eligibility, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 9, 1989

Mr. FIELDS introduced the following bill; which was referred to the Committee on Merchant Marine and Fisheries

---

A BILL

To amend the Panama Canal Act of 1979 with respect to compensation for certain members of the Panama Canal Commission, to extend retirement eligibility, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Panama Canal Act Amendments of 1989".

SEC. 2. COMPENSATION FOR BOARD MEMBERS.

Section 1102(b) of the Panama Canal Act of 1979 (22 U.S.C. 3612(b)) is amended in the last sentence by striking

out "grade GS–18 of the General Schedule under section 5332" and inserting in lieu thereof "level V of the Executive Schedule under section 5316".

SEC. 3. COMPENSATION FOR DEPUTY ADMINISTRATOR AND CHIEF ENGINEER.

Section 1104(b) of the Panama Canal Act of 1979 (22 U.S.C. 3614(b)) is amended in the last sentence by inserting immediately before the period at the end thereof the following: ", and, if eligible, the overseas recruitment or retention differential provided for in section 1217 of this Act.".

SEC. 4. RETIREMENT.

(a) ELIGIBILITY.—The subsection (i) added by section 1241(a) of the Panama Canal Act of 1979 is amended—

(1) by redesignating paragraph (3) of such subsection (i) as paragraph (4); and

(2) by inserting after paragraph (2) of such subsection (i) the following new paragraph:

"(3) An employee of the Panama Canal Commission who is separated from the service before January 1, 2000, and who has at the time of separation a minimum of 11 years of Panama Canal service is entitled to an annuity if—

"(A) the employee is separated involuntarily after completing 20 years of service or after becoming 48 years of age and completing 18 years of service; and

"(B) the separation is the result of the implementation of any provision of the Panama Canal Treaty of 1977 and related agreements.".

(b) COMPUTATION.—The paragraph (2) added by section 1242(a) of the Panama Canal Act of 1979 is amended—

(1) by redesignating subparagraphs (A) and (B) of such paragraph as clauses (i) and (ii), respectively;

(2) by inserting "(A)" after "(2)"; and

(3) by adding at the end thereof the following:

"(B) The annuity of an employee retiring under section 8336(d)(3) of this title with respect to the period of Panama Canal service is 2 1/2 percent of the employee's average pay multiplied by the years of that service.".

SEC. 5. AUTHORIZING LEGISLATION REQUIRED FOR WIDENING GAILLARD CUT.

(a) AUTHORIZATION REQUIRED.—Subchapter I of chapter 3 of title I of the Panama Canal Act of 1979 (22 U.S.C. 3711 and following) is amended by adding at the end thereof the following:

"AUTHORIZING LEGISLATION REQUIRED FOR WIDENING GAILLARD CUT

"SEC. 1365. No funds may be obligated or expended by the Panama Canal Commission in any fiscal year for construction of the Gaillard Cut widening project of the Panama Canal unless such obligation or expenditure has been specifically authorized by law enacted after the enactment of the

Panama Canal Act Amendments of 1989. Nothing in this section shall be construed to prevent any normal maintenance or emergency repair activities.".

(b) CONFORMING AMENDMENT.—The table of contents for the Panama Canal Act of 1979 is amended by inserting after the item relating to section 1304 the following new item:

"1305. Authorizing legislation required for widening Gaillard Cut.".

SEC. 6. EFFECTIVE DATE.

This Act and the amendments made by this Act take effect on October 1, 1989.

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101ST CONGRESS
1ST SESSION

H. R. 1348

To make certain technical changes to the Panama Canal Compensation Fund Act of 1988.

IN THE HOUSE OF REPRESENTATIVES

MARCH 9, 1989

Mr. FIELDS introduced the following bill; which was referred to the Committee on Merchant Marine and Fisheries

---

A BILL

To make certain technical changes to the Panama Canal Compensation Fund Act of 1988.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 5 of the Panama Canal Commission Compensation Fund Act of 1988 (102 Stat. 4685, 22 U.S.C. 3715c) is amended—

(1) by striking out "Upon the termination of the Panama Canal Commission:";

(2) in subsection (a)—

(A) by striking out "The Secretary of Labor" and inserting in lieu thereof "Upon the termina-

tion of the Panama Canal Commission, the Secretary of Labor"; and

(B) by striking out the last sentence;

(3) in subsection (b) in the first sentence—

(A) by inserting "under subsection (a)" after "Labor"; and

(B) by striking out "Employees Compensation"; and

(4) by adding at the end thereof the following:

"(c) CONTINUITY OF THE FUND.—(1) Amounts in the Fund (including amounts transferred as a result of the final determination made under subsection (a)) shall be maintained by the Secretary of the Treasury, shall be available for transfer to the Employees' Compensation Fund in such amounts as are requested by the Secretary of Labor pursuant to section 4 of this Act, and may be discontinued only in accordance with paragraph (2).

"(2) At such time as the Secretary of Labor certifies that no further liability exists for workers compensation benefits or other payments described in section 3(a), the Secretary of the Treasury may discontinue the Fund in the manner provided by law.".

○

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U.S. House of Representatives
Committee on
Merchant Marine and Fisheries
Room 1334, Longworth House Office Building
Washington, DC 20515-6230

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MINORITY CHIEF COUNSEL
DUNCAN C. SMITH III

July 17, 1989

BACKGROUND MEMO

TO: Members, Subcommittee on the Panama Canal and the Outer Continental Shelf

FROM: Subcommittee Staff

SUBJECT: H.R. 1347, the Panama Canal Act Amendments of 1989, and H.R. 1348, Technical Changes to the Panama Canal Commission Compensation Fund Act of 1988.

On July 18 at 2:00 p.m. in room 1334 of the Longworth House Office Building, the Subcommittee will convene a hearing on two bills, H.R. 1347 and H.R. 1348. Appearing before the Subcommittee will be the Honorable Robert Page, Chairman of the Board of Directors of the Panama Canal Commission, and Mr. Michael Rhode, Secretary of the Panama Canal Commission.

The purpose of this hearing is to examine the need for enactment of the two above mentioned pieces of legislation and to review other changes to Public Law which might be needed by the Panama Canal Commission to continue smooth and consistent operations of the Canal.

BACKGROUND

In September of last year, the House passed H.R. 5287, the Panama Canal Commission Compensation Fund Act of 1988, which subsequently became P.L. 100-705. This legislation established a compensation fund to accrue capital to cover any employee compensation claims made against the Commission in the future.

Due to an unforeseen difficulty, the legislation as drafted may not enable the fund to accrue a significant amount of money to cover all costs nor could it continue to pay claims after the transfer of the Canal to the Republic of Panama on December 31, 1999.

H.R. 1348, introduced on March 9, 1989 by Congressman Jack Fields, will make technical changes to P.L. 100-705 to correct these oversights.

The Subcommittee will also examine H.R. 1347, the Panama Canal Act Amendments of 1989. This bill, also introduced by Congressman Fields will make several changes to the Panama Canal Act of 1979 as suggested by the Panama Canal Commission. Attached is a section-by-section analysis of H.R. 1347.

# # #

STATEMENT OF ROBERT W. PAGE
CHAIRMAN OF THE BOARD, PANAMA CANAL COMMISSION
ON H.R. 1348
BEFORE THE
SUBCOMMITTEE ON PANAMA CANAL/OUTER CONTINENTAL SHELF
COMMITTEE ON MERCHANT MARINE AND FISHERIES
HOUSE OF REPRESENTATIVES

MR. CHAIRMAN, IT IS A PLEASURE FOR ME TO APPEAR BEFORE YOU TODAY TO TESTIFY IN SUPPORT OF H.R. 1348, A BILL WHICH WOULD MAKE CERTAIN TECHNICAL CHANGES TO THE PANAMA CANAL COMPENSATION FUND ACT OF 1988.

BY WAY OF BACKGROUND, THE AGENCY OPERATING THE PANAMA CANAL FOR MANY YEARS ADMINISTERED THE FEDERAL EMPLOYEES' COMPENSATION ACT AS THAT STATUTE APPLIED TO MEMBERS OF ITS OWN WORK FORCE. BECAUSE THE PANAMA CANAL COMMISSION WILL CEASE TO EXIST AT THE END OF 1999, HOWEVER, IT WAS DEEMED ADVISABLE TO RETURN ADMINISTRATION OF THAT STATUTE FROM THE COMMISSION TO THE SECRETARY OF LABOR, WHO, AS YOU KNOW, HANDLES THAT FUNCTION FOR ALL OTHER AGENCIES IN THE EXECUTIVE BRANCH. THAT RETURN WAS ACCOMPLISHED PURSUANT TO ENACTMENT LAST NOVEMBER OF THE PANAMA CANAL COMPENSATION FUND ACT OF 1988 AND BY A PRESIDENTIAL EXECUTIVE ORDER WHICH BECAME EFFECTIVE ON JANUARY 1 OF THIS YEAR.

THE 1988 STATUTE ESTABLISHED THE PANAMA CANAL COMPENSATION FUND, AND IT PROVIDES THAT ANY AMOUNT REMAINING THEREIN FOLLOWING A FINAL ACCOUNTING OR DETERMINATION AT THE END OF THE CENTURY IS TO BE PAID INTO THE EMPLOYEES' COMPENSATION FUND; IF A DEFICIENCY IS FOUND TO EXIST, THE STATUTE STATES THAT THE SAME WILL BE PAID INTO THE EMPLOYEES' COMPENSATION FUND FROM THE PANAMA CANAL REVOLVING FUND. THE MONETARY PROJECTIONS UPON WHICH THE COMMISSION DEPOSITS WERE CALCUALTED IN SECTION 3 OF THAT LAW WERE DETERMINED UTILIZING THOSE DEPOSITS PLUS AMOUNTS ACCRUED THROUGH INVESTMENTS DURING THE LIFE OF THE PANAMA CANAL COMPENSATION FUND. THAT SECTION ALSO PROVIDES THAT THE INTEREST BE CREDITED TO, AND FORM A PART OF, THE SAID FUND. THE TRANSFER OF ALL MONIES INTO THE FEDERAL EMPLOYEES' COMPENSATION FUND--WHICH IS A NON-INTEREST BEARING ACCOUNT--WILL RESULT IN A SHORTFALL, AS THE PROJECTED INTEREST PROCEEDS WOULD NOT CONTINUE TO ACCRUE, AND THE RESULT COULD THUS BE INSUFFICIENT FUNDING TO MEET ALL OF THE PANAMA CANAL'S PROJECTED OBLIGATIONS UNDER CHAPTER 81 OF TITLE 5 OF THE UNITED STATES CODE.

WHEN IT ESTABLISHED THE PANAMA CANAL COMMISSION, THE CONGRESS CLEARLY INTENDED THAT THE AGENCY BE OPERATED ON A SELF-SUSTAINING BASIS AND AT NO COST TO THE U.S. TAXPAYER. THIS TECHNICAL AMENDMENT WILL PROVIDE THAT THE PANAMA CANAL COMPENSATION FUND WILL CONTINUE UNTIL SUCH TIME AS ALL CLAIMS PAYABLE BY THE COMMISSION UNDER THE FEDERAL EMPLOYEES' COMPENSATION ACT ARE PAID. THE DEPARTMENT OF LABOR WILL THEREFORE RETAIN AUTHORITY TO BE REIMBURSED FROM THAT FUND FOR ALL DISBURSEMENTS MADE FOR PANAMA CANAL COMMISSION CLAIMS UNTIL ALL OF THEM HAVE BEEN PAID. ONCE THAT HAS BEEN ACCOMPLISHED, THE SECRETARY OF LABOR WILL CERTIFY THAT NO FURTHER LIABILITY EXISTS FOR THE CANAL COMPENSATION FUND AND, AT THAT POINT, THE SECRETARY OF THE TREASURY MAY DISCONTINUE THAT FUND IN ACCORDANCE WITH EXISTING LAW AND REGULATIONS.

ENACTMENT OF THIS BILL SHOULD ASSURE THAT MONIES TO MEET AGENCY OBLIGATIONS UNDER THE FEDERAL EMPLOYEES' COMPENSATION ACT TO ITS INJURED EMPLOYEES WILL BE FUNDED FROM COMMISSION RESOURCES IN KEEPING WITH THE CONGRESSIONAL MANDATE THAT THE CANAL AGENCY BE SELF-SUSTAINING AND THAT MONIES WILL CONTINUE TO BE AVAILABLE FOR INVESTMENT UNTIL DISBURSED TO THE CLAIMANTS.

FOR THESE REASONS, MR. CHAIRMAN, THE COMMISSION URGES ENACTMENT OF H.R. 1348. THE ADMINISTRATION SUPPORTS THIS LEGISLATION.

THAT CONCLUDES MY REMARKS ON THE H.R. 1348. MR. CHAIRMAN, REGARDING H.R. 1347, I HAVE BEEN ORALLY INFORMED THAT THE OFFICE OF PERSONNEL MANAGEMENT HAS SOME PROBLEMS WITH THE RETIREMENT PROVISIONS OF THAT BILL. WE WILL ATTEMPT TO DEAL WITH THAT RESERVATION IN THE NEXT SEVERAL DAYS AND WILL BE SENDING A STATEMENT RELATIVE TO THE ADMINISTRATION'S POSITION REGARDING H.R. 1347. WE, IN THE COMMISSION SEE IT AS A REFINEMENT OF SEVERAL OF THE PROVISIONS OF THE PANAMA CANAL ACT AND CHANGES TO THAT ACT MADE SINCE IT WAS PASSED IN 1979.

WITH THOSE COMMENTS, MR. CHAIRMAN, I AM PREPARED TO RESPOND TO QUESTIONS WHICH YOU OR ANY MEMBERS OF THE COMMITTEE MIGHT HAVE.

Board of Directors
Panama Canal Commission

July 13, 1989

The Honorable Walter B. Jones
Chairman, Committee on Merchant
Marine and Fisheries
House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

This is in response to your March 13, 1989 letter requesting the views of the Panama Canal Commission on H.R. 1348, a bill "to make certain technical changes to the Panama Canal Compensation Fund Act of 1988."

If enacted, H.R. 1348 would--

(i) Provide for the continuity of the Panama Canal Commission Compensation Fund, to be maintained by the Secretary of the Treasury who will make available for transfer to the Employees' Compensation Fund such amounts as are requested by the Secretary of Labor pursuant to section 4 of the 1988 Act;

(ii) Discontinue the fund at such time as the Secretary of Labor certifies that no further liability exists for workers compensation benefits or other payments described in section 3 (a) of that Act; and

(iii) Effect certain other minor, technical corrections.

As background, the Panama Canal Commission Fund Act, Public Law 100-705, was enacted on November 19, 1988 following the promulgation of Executive Order No. 12652 (Sept. 19, 1988) by President Reagan. That order transferred authority for the administration of the Federal Employees' Compensation Act (FECA) for Commission employees who suffer performance-of-duty injuries, or other covered conditions, from this agency to the Department of Labor.

The Honorable Walter B. Jones,

As enacted, section 5(a) of the 1988 Act provides that amounts in the Panama Canal Commission Compensation Fund (Fund) shall be used to pay for the final determination and will be paid over in a lump sum into the Employees' Compensation Fund. Similarly, section 5(b) provides that if the Fund has insufficient amounts to pay the final determination, any deficiency is to be paid into the Employees' Compensation Fund from the Panama Canal Revolving Fund. Unless amended, such a large scale transfer to the Federal Employees' Compensation Fund (a non-interest bearing account) prior to final adjudication of all Commission employee FECA claims, will result in a Fund shortfall. This is so because the interest to be accrued on monies to be deposited by this agency during the years remaining until its treaty-mandated disestablishment was included in determining amounts deemed to be sufficient to defray the cost of adjudicating and paying the claims arising thereunder.

Similarly, no final transfer could be effected between the Compensation Fund and the Panama Canal Revolving Fund at the time of final settlement of the long-term FECA claims remaining at the time of disestablishment of the Commission. The Revolving Fund will not, in all probability, survive claims involving employees with permanent, employment-related disabilities, or those of dependent family members on the rolls as the result of the death or severe impairment of the wage earner.

This amendment will provide that the Panama Canal Commission Compensation Fund not be closed out upon the December 31, 1999 termination of the treaty period (and disestablishment of the Panama Canal Commission). Rather, it will remain open (and accruing interest) under the stewardship of the Secretary of the Treasury until such time as all claims filed by Commission employees pursuant to FECA have been finally adjudicated and paid. During the entire life of the Fund, monies will be transferred on a regular basis to the Employees' Compensation Fund in such amounts as are requested by the Secretary of Labor to cover expenditures. Upon certification by the Secretary of Labor that no further liability exists, the Fund will be discontinued in the manner provided by law.

Enactment of H.R. 1348 would further the purpose of insuring a smooth and effective transfer of the FECA program from the Panama Canal Commission to the Secretary of Labor--thus bringing it into line with FECA claims adjudication for employees of other Federal agencies and instrumentalities. This bill clarifies the method of disbursement, and insures that monies deposited continue to accrue interest during the life of the Fund.

The Honorable Walter B. Jones,

It is not anticipated that the Commission will incur any costs as the result of enactment of this bill. To the contrary, adoption of this amendment will enable the Commission to meet the fiscal responsibilities which were contemplated at the time of the program transfer. Further, it will assure compliance with the stated intent of Congress--that costs incurred for the operation of the Panama Canal Commission be generated by this agency.

For the reasons stated above, the Panama Canal Commission is supportive of enactment of H.R. 1348. The Commission appreciates this opportunity to present comments on this bill.

The Office of Management and Budget has advised that it has no objection to the presentation of this report to the Committee.

Sincerely,

Robert W. Page
Chairman

International Organization of

Masters, Mates & Pilots

700 Maritime Blvd., Linthicum Heights, MD. 21090-9998 / Tel. No.: (301) 850-8700
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ROBERT J. LOWEN
International President

F. ELWOOD KYSER
International Secretary-Treasurer

July 18, 1989

The Honorable Roy Dyson
Chairman
Subcommittee on Panama Canal
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

I would like to take this opportunity to express the support of the International Organization of Masters, Mates & Pilots (MM&P) for H.R. 2868, H.R. 1347 and H.R. 1348. I would also like to express the appreciation of the MM&P for all the hard work done by you and your Subcommittee following the May 18 Oversight hearing at which I testified.

H.R. 2868, which authorizes the Panama Canal Commission to use the interest on payments to Panama that are held in escrow is essential legislation. As a result of the economic sanctions imposed on the Noriega regime in April 1988, taxes withheld from the paychecks of Panamanian citizen employees of the Panama Canal Commission have not been turned over to the Noriega government. As a result, Panamanian citizen employees have not been able to receive "paz y salvo" documents from their government. As I testified at length in May, without these documents they cannot conduct the simplest business transaction such as buying or selling houses or cars or obtaining new licenses for their automobiles. Their homes, cars and bank accounts have been subject to seizure due to non-payment of these taxes and the employees have been subject to harassment by the Noriega regime. H.R. 2868 would enable the Commission to use the millions of dollars of interest money to "make whole" these employees, thus raising morale and helping to ensure the continued safe, efficient and uninterrupted operation of the Canal.

H.R. 1347 contains one provision in particular, dealing with early retirement eligibility, which would positively impact on a number of our U.S. citizen members hired by the Commission after September 30, 1979. This legislation is necessary because the Treaty provisions to turn the Canal over to Panama in the year 2000 could prevent this group of employees from receiving an annuity. H.R. 1347 would also allow eligibility for retirement on a voluntary basis to employees who have completed 23 years of service or who are 48 years of age and have completed 18 years of service. This would enable those employees who feel they must give up their jobs and leave Panama due to the current political situation an opportunity to receive an annuity.

Finally, H.R. 1348 would ensure the continuity of the Employees Compensation Fund after the termination of the Panama Canal Commission. The monies in the Fund would be maintained by the Secretary of the Treasury and made available as requested by the Secretary of Labor in order to continue payment of obligations to former PCC employees. The Fund would be continued until the Secretary of Labor certified that no further liability exists for workers compensation benefits or other payments.

It now seems evident that the state of emergency in Panama will continue for an undetermined length of time. Despite our efforts and the efforts of this Subcommittee to protect PCC employees in Panama, the situation for them is at a crisis stage. These bills must be enacted to provide relief for these employees now and to assure them that their rights will be protected. The MM&P offers you its thanks for the prompt manner in which you have reacted to our concerns and recommendations. We stand ready to work with you and your Subcommittee to protect these hardworking, loyal employees and to enact these vitally important legislative proposals.

I would request that this letter be made part of the hearing record on this legislation.

Sincerely,

Captain Robert J. Lowen
President